GATT PROGRAMME FOR EXPANSION OF INTERNATIONAL TRADE

TRADE OF LESS-DEVELOPED COUNTRIES

Development Plans:
Study of the Second Five-Year Plan of Pakistan

THE CONTRACTING PARTIES
TO THE
GENERAL AGREEMENT ON TARIFFS AND TRADE
GENEVA, 1962

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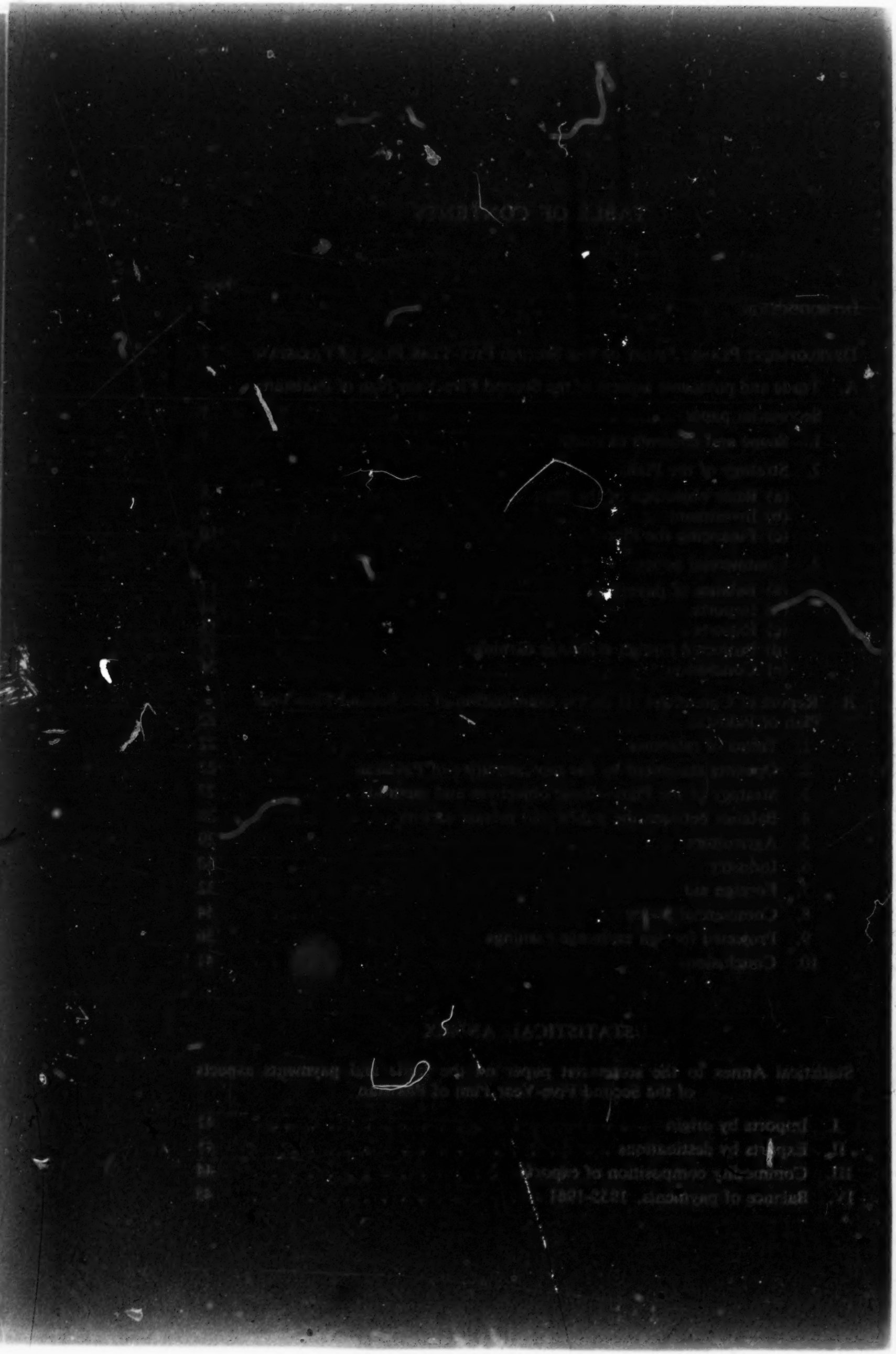

INTRODUCTION

The GATT Programme for Expansion of International Trade was inaugurated at the end of 1958. It represented a co-ordinated effort, on three main fronts, directed towards the expansion of world trade. This triple approach was entrusted to three Committees. The first was responsible for drawing up the rules and procedures for the 1960-61 Geneva Tariff Conference. The second, Committee II, has been concerned with the question of trade in agricultural products.[1] Committee III has been primarily concerned with the expansion of the export earnings of the less developed countries.

The GATT secretariat has earlier published as a brochure the Special Report of Committee III [2], of September 1961, which contained its findings and recommendations following a three-year period of detailed study. This report formed an important part of the documentation before the Ministers when they met at Geneva in November 1961. The conclusions reached by Ministers and the text of the Declaration on the promotion of the trade of the less-developed countries adopted by the Ministers, were also set out in the above-mentioned brochure.

A recent extension of the work of Committee III has been the study of national development plans, and in particular the trade aspects of such plans and the contribution which agricultural and industrial development may make to foreign exchange earnings during the period of the plan. The first exercise in this field was the examination of the Third Five-Year Plan of India, which was undertaken in June 1961. The report of the Committee on this examination has been published by the GATT [2], together with an account of the objectives of the Committee's work in this field.

Committee III met from 6-13 November 1962 to examine the trade and payments aspects of the Second Five-Year Plan of Pakistan. This brochure contains the report of the Committee on this examination, preceded by a paper prepared in advance by the GATT secretariat to facilitate discussion by the Committee.

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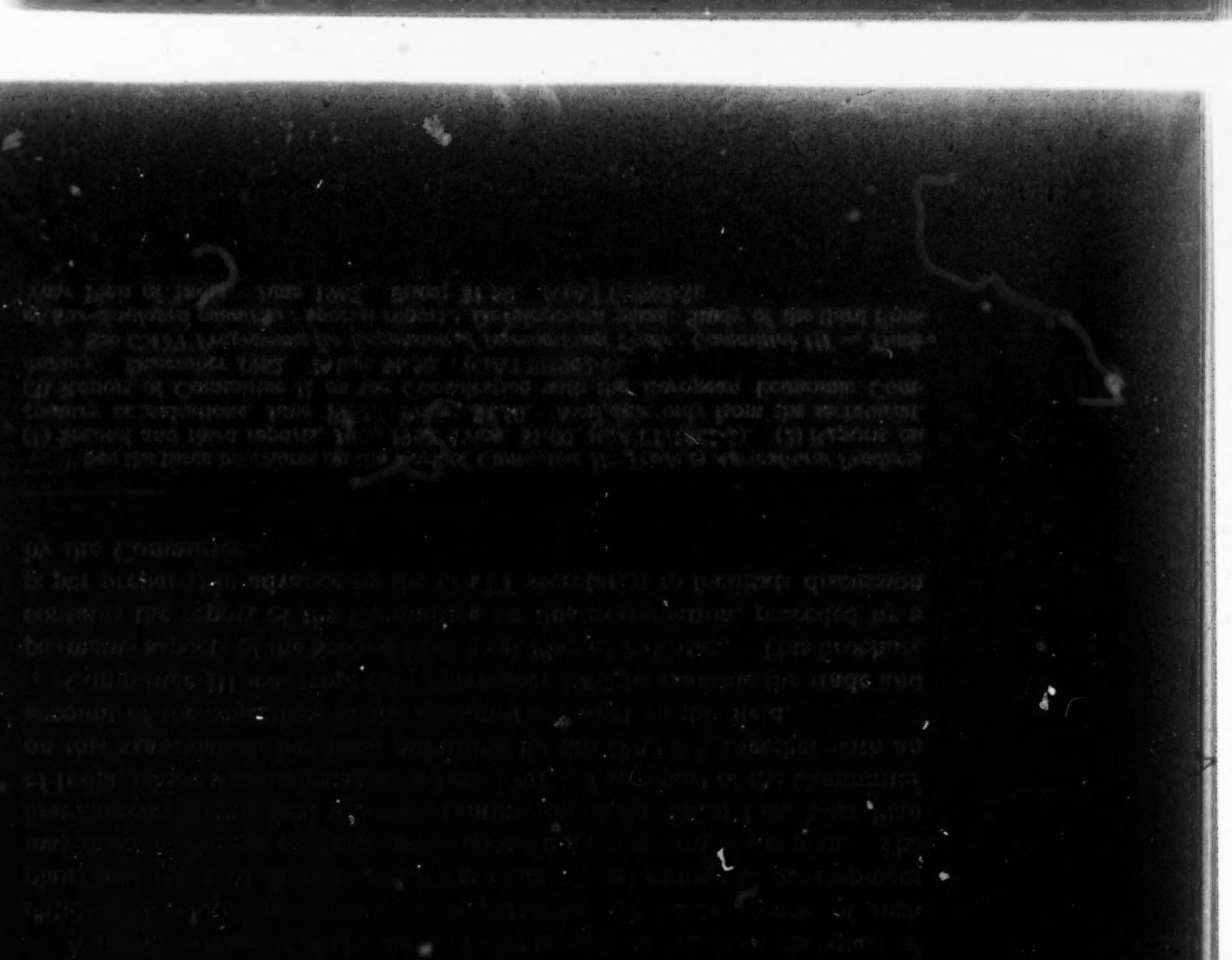
[1] See the three brochures on the work of *Committee II : Trade in Agricultural Products* (1) Second and third reports, June 1962. Price: $1.00. (GATT/1962-2). (2) Reports on country consultations, June 1962. Price: $2.50. Available only from the secretariat. (3) Report of Committee II on the Consultation with the European Economic Community. December 1962. Price: $1.50. (GATT/1962-6).

[2] See *GATT Programme for Expansion of International Trade : Committee III — Trade of less-developed countries :* special report. Development plans: Study of the third Five-Year Plan of India. June 1962. Price: $1.50. (GATT/1962-3).



DEVELOPMENT PLANS:
STUDY OF THE SECOND FIVE-YEAR PLAN OF PAKISTAN

A. Trade and Payments Aspects of the Second Five-Year Plan of Pakistan

(Secretariat Paper)

1. *Scope and contents of study*

(a) *Terms of reference*

Section II/2 of the basic work programme of Committee III calls for a " study of the possibility of channelling expansion of existing industries or the starting of new industries by less-developed countries into directions where such countries will be economically efficient producers ". In preparing such a study, the Committee invited less-developed countries among contracting parties to furnish information on any plans which they might have for the development of their industries, on export targets for various products, and on their estimated overall foreign currency requirements and exchange receipts from exports.

At its meeting held from 19 to 22 Feburary 1962 to arrange its future programme of work, the Committee agree that " in the light of the study which it had carried out of the Indian Third Five-Year Plan, it should take up any other such plans which might have been made available by contracting parties for this purpose ". At its next meeting held from 1 to 9 May 1962 the Committee agreed that " the secretariat should keep in touch with the contracting parties concerned to arrange for the circulation of the material to members of the Committee ", in connexion with the study of such plans.

(b) *Contents of this study*

It will be recalled that the intended scope and contents of studies of development plans are set out in a report of Committee III [1], in which the Committee laid down that sight should not be lost of its primary purpose " . . . as defined by its terms of reference which relate to the maintenance and expansion of export earnings of the less-developed countries . . . ". The secretariat was requested in consultation with the competent authorities of the countries concerned, to prepare factual background papers setting out planned production and export targets and other information related to the work of the Committee.

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[1] See *Basic Instruments and Selected Documents*, Tenth Supplement, page 173.

The secretariat, in consultation with the competent authorities of Pakistan, has drawn up a paper to facilitate discussion by the Committee of the trade and payments aspects of the Second Five-Year Plan of Pakistan. No attempt has been made in the paper to discuss the political, social or institutional aspects of the Plan.

The Plan was originally published in 1960 and is to run from 1 July 1960 to 30 June 1965. Revised estimates were published in November 1961 taking into account recommendations contained in the report of the World Bank Mission which visited Pakistan in January and February 1961. The revised figure for total expenditure under the Plan is to be regarded as firm and final. Targets contained in the Plan have been fixed at an extremely modest level and have been endorsed by the World Bank Mission together with the requirement in the Plan for maintenance support.

This paper is based on information supplied by the Government of Pakistan, particularly in *The Second Five-Year Plan, 1960-1965* and *The Second Five-Year Plan (Revised Estimates)*. Reference has also been made to relevant GATT documents. Wherever possible figures are given for actual performance under the Plan. These figures usually refer to the first year of the Plan's operation.

2. *Strategy of the Plan*

(a) *Basic objectives of the Plan*

The First Five-Year Plan provided for a 15 per cent increase in national income. Actual achievement was in the order of 11 per cent. Because the population increased faster than had been anticipated, however, the rise in per capita income did not exceed 3 per cent, compared with the increase of 7 per cent envisaged in the Plan.

The aim of the Second Plan is to increase the gross national product by 24 per cent. In view of the anticipated increase in population of about 11 per cent, this would mean an increase per capita of about 2.5 per cent per annum if all the programmes are effectively implemented. In 1960/1961 this target was met, real national income increasing by 4.2 per cent.

The highest priority is attached to increasing agricultural production and an overall increase of 14 per cent is projected. In this sector the primary aim is to attain national self-sufficiency in foodgrains within the five-year period, and allocations have been made with this aim in mind. The development of export crops is also planned.

A substantial increase is proposed in industrial production: the value added in production is projected to rise by somewhat over 60 per cent in

large and medium-scale industry, and by 25 per cent in cottage and small-scale industry. Industrial development is to be aided by the encouragement of private enterprise and the removal of superfluous restraints on the economy. Basic industries are to be encouraged where economically feasible. Special emphasis is to be placed on the development of small-scale industries, both because of their intrinsic merits and because of their employment potential. Industries are also to be encouraged when they stimulate agricultural development or which support small-scale industries. It is inevitable that in the industrial sector the Plan should stress both import substitution and export development.

The growth of agriculture and industry is closely linked with the development of water and power resources. A very large percentage of agricultural land relies on irrigation. Flood regulation, the combatting of water logging and salinity in West Pakistan, the reclamation of tidal lands in East Pakistan and the provision of electric power are also foreseen in the Plan.

The largest project in this field is the Indus Basin Replacement Works, made necessary by partition, which cut across the largest irrigation system in the world. Expenditure on this project has been kept separate from that of the Plan itself and foreign aid necessary to finance its proportionately large foreign exchange element has been allotted specifically to the scheme.

Another project which has been set up outside the Five-Year Plan and financed separately is the Works Programme. Aid under PL. 480 has been negotiated directly with the Government of the United States and the rupee resources generated are being devoted to the Programme. Under-utilized manpower is to be put to work on such projects as the construction of coastal embankments, low-lift pump and small irrigation schemes, low-cost housing, feeder roads, school construction, water supply, drainage and reclamation.

(b) *Investment*

To achieve the aims of the Plan it will be necessary to increase real investment by about 73 per cent as compared with the First Plan, during which it is estimated that real investment increased by over 50 per cent. In fact during the first two years of the Second Plan development expenditure has shown an annual increase of over 20 per cent.

Total development expenditure under the Second Plan as revised is planned at Rs. 23,000 million. Fifty-four per cent of this is accounted for by the public sector, 17 per cent by the semi-public sector and 30 per cent by the private sector. In the semi-public and private sectors, emphasis is placed on industrial development and to a lesser extent on housing and

transport. In the public sector the largest investment is allotted to water and power, this being followed by transport, agriculture and housing in that order.

Table 1

INVESTMENT BY SECTORS PROPOSED UNDER SECOND PLAN AS REVISED

(Million rupees)

Sector	Public sector		Semi-public sector		Private sector		Total	
	Mil. Rs.	%	Mil. Rs.	%	Mil. Rs.	%	Mils. Rs.	%
1. Agriculture	2,515	20	—	—	905	13	3,420	15
2. Water and power	4,140	33	190	5	60	1	4,390	19
3. Industries	100	1	1,935	51	3,085	45	5,120	22
4. Fuels and minerals	179	1	271	7	550	8	1,000	4
5. Transport and communications	2,612	21	533	14	905	13	4,050	18
6. Housing and settlements	1,410	11	865	23	1,135	17	3,410	15
7. Education and training	955	8	—	—	100	1	1,055	5
8. Health	370	3	—	—	50	1	420	2
9. Social services	85	1	—	—	15	•	100	•
10. Manpower and employment	35	•	—	—	—	—	35	•
Total	12,401	100	3,794	100	6,805	100	23,000	100

• Less than 0.5 per cent.

Additional investments of Rs. 3,300 million for the Indus Basin Replacement Works and Rs. 1,600 million for the Works Programme will also be required during the Second Plan period, bringing the total of planned development expenditure to Rs. 27,900 million.

(c) *Financing the Plan*

To maximize the funds available for development purposes the Plan calls for a reduction in the percentage of the gross national product going for immediate consumption from 95.7 per cent in 1959/60 to 91.2 per cent by 1964/65. Over the five-year period Rs. 11,270 million will be available by this means for development purposes out of a gross national product of Rs. 170,000 million. The remainder of development expenditure (16,630 million or 59.5 per cent of the total of 27,900 million) is to be found in the form of foreign loans or aid.

Table 2

SOURCES AND USES OF RESOURCES

(1960/61 Prices-million rupees and per cent)

	1959/60 Actual		1964/65 Projected		Total Second Plan period	
	Mil. Rs.	%	Mil. Rs.	%	Mil. Rs.	%
Sources						
Gross national product	30,000	95	37,270	90	170,000	91
PL. 480 aid	370	1	1,000	2	3,440	2
Foreign aid and loans	1,230	4	3,140	8	13,190	7
Total resources	31,600	100	41,410	100	186,630	100
Uses						
Consumption	28,700	91	34,000	82	158,730	85
Investment	2,900	9	7,410	17	27,900	15
of which:						
Plan	(2,900	9)	(5,910	14)	(23,000	12)
Indus Basin	(—	—)	(1,000	2)	(3,300	2)
Works Programme	(—	—)	(500	1)	(1,600	1)
Total	31,600	100	41,410	100	186,630	100
Consumption as a percentage of gross national product	95.5		91.2		93.5	

Included in the amount to be found abroad is the sum of Rs. 2,500 million for maintenance support. This would be needed to balance the country's foreign exchange earnings against its expenditure on non-development imports—those used to keep existing plant in full operation, but not those necessary for productive investments provided for in the Plan. As the Plan progresses the demand for non-development imports, mainly in the form of raw materials, tools and spare parts is expected to grow more rapidly than exports despite vigorous action to combat this tendency.

The second component of the overseas contribution is aid provided by counterpart funds of PL. 480 aid amounting to more than Rs. 3,000 million in local currency, mainly for use on the Works Programme and Indus Basin Replacement Works.

From the need for maintenance support it will be appreciated that the entire foreign exchange component of the Plan, the Indus Basin Replace-

ment Works and the Works Programme must be found in the form of overseas loans or aid. Details of the foreign exchange component, which totals Rs. 10,690 million are found in Table 3, below.

Table 3

DEVELOPMENT INVESTMENT BY SECTORS UNDER SECOND PLAN AS REVISED, AND FOREIGN EXCHANGE COMPONENT

(Million rupees)

Sector	(1) Total Development investment	(2) Foreign exchange component	(1) as per cent of (2)
1. Agriculture	3,420	772	23
2. Water and power	4,390	1,873	43
3. Industry	5,120	2,320	45
4. Fuels and minerals	1,000	527	53
5. Transport and communications	4,050	2,027	50
6. Housing and settlements	3,410	642	19
7. Educational training	1,055	170	17
8. Health	420	110	26
9. Social services	100	2	2
10. Manpower and employment	35	7	20
Total Second Plan	23,000	8,450	37
Indus Basin Replacement Works	3,300	1,860	56
Works Programme	1,600	380	24
Total	27,900	10,690	38

The need for imports is particularly pressing in the Indus Basin Replacement Works, accounting for 56 per cent of total investment. Imports also form a particularly large proportion of total investment in the fuels and minerals and in the transport and communictions sectors. This is true, but to a somewhat lesser extent, of the industrial and water and power sectors.

Turning to the sources from which foreign aid can be expected; the Indus Basin Replacement Works have been underwritten almost entirely by the IBRD. The Indus Treaty, signed in September 1960 between Pakistan, the IBRD, Australia, Canada, West Germany, the United Kingdom and the United States, provided for the establishment of a Fund (the Indus Basin Development Fund) to provide Pakistan with practically the entire cost of the project for the utilization of Pakistan's agreed share in the Indus waters. The Works Programme will be financed entirely from PL.480 funds and the foreign exchange element is expected to be made

available by the Indus Basin Development Fund. The Western consortium for aid to Pakistan of which the United States, the United Kingdom, the Federal Republic of Germany, Japan, Canada, France and the IBRD are members is expected to provide much of the remaining aid.

In 1960/61, the first year of the Plan, Pakistan obtained Rs. 987 million in foreign aid funds against an estimated total of Rs. 1,050 million of direct foreign exchange expenditures. For the second and third years aid commitments already made amount to US $945 million, or Rs. 4,500 million. Over 50 per cent of this is to come from the United States and about 25 per cent from the IBRD and IDA. A meeting of the consortium to take up Pakistan's foreign exchange requirements during the last two years of the Plan is scheduled to take place in Washington early in 1963.

3. *Commercial policy*

(a) *Balance of payments*

The foreign exchange earnings during the Second Plan period are estimated at Rs. 11,250 million, compared with total foreign exchange expenditure of Rs. 27,880 million. Non-development imports account for Rs. 13,750 million, imports under PL.480 for 3,440 million and remaining (i.e. development) imports for 10,690 million.

It is anticipated that this gap between earnings and expenditure will exist despite vigorous corrective action both to increase exports and to decrease imports. The Government of Pakistan has indicated that of these two courses of action it attaches paramount importance to increasing export earnings. It recognizes however that, given the need to increase, however modestly, the very low standard of living in Pakistan, action in both these directions will be insufficient to balance the external account.

These projections of foreign exchange earnings and of expenditure on account of non-development and development imports were based on the assumption that the terms of trade would remain at about the level existing in early 1960. Further deterioration in the terms of trade was considered unlikely under foreseeable international conditions of demand for primary commodities and manufactured goods. While terms of trade were turning against exporters of unmanufactured goods (other than petroleum) in the fifties the experiences of Pakistan had been conspicuously unfortunate. The index of the terms of trade, 100 in the base period April 1948 to March 1949, fell continuously during the First Plan period from eighty-five in January to March 1955 to fifty-two in October to December 1959. In fact during the first year of the Second Plan period a significant improvement in Pakistan's terms of trade did occur only to be reversed in the second half

of 1961. One of the main preoccupations of Pakistan's commercial policy is therefore the need for active co-operation with other countries in devising some international means of promoting stabilization of the prices of internationally traded primary commodities as well as manufactured goods required for development purposes.

Table 4

TERMS OF TRADE 1955-1961
APRIL 1948 TO MARCH 1949 = 100

Period	Index of unit values of imports	Index of unit values of exports	Index of terms of trade
January-March 1955	82	70	85
January-March 1956	128	84	66
January-March 1957	152	97	63
January-March 1958	159	93	59
January-March 1959	150	84	56
January-March 1960	157	80	51
April-June 1960	160	89	55
July-September 1960	161	101	63
October-December 1960	159	121	76
January-March 1961	168	154	92
April-June 1961	164	162	99
July-September 1961	153	121	79
October-December 1961	159	105	66

(b) *Imports*

Import policy is directed both at reducing imports of unessential or luxury goods and, in the long term, at substituting domestic production for imports wherever feasible. Increases planned in agricultural production will enable food imports to be progressively reduced and will provide increased supplies of raw materials for industry. Increased output of fuel and power will also reduce import requirements. The industrialization programme provides for continued reliance on indigenous raw materials, considerable increase is envisaged, for example, in the output of cement, fertilizer and industrial chemicals, which do not require large quantities of raw materials and which themselves will contribute to the industrialization of the country.

In spite of this support policy non-development imports are expected to account for over 60 per cent of the total import bill in the five years of the Second Plan period and are expected to grow more rapidly than the gross national product, projected non-development imports for 1964/65 being 38 per cent above actual imports in this category in 1960/61.

Table 5

PROJECTIONS OF NON-DEVELOPMENT IMPORTS 1960-65

(Million rupees and per cent)

	1960/61 actual	%	1964/65 projection	%	Total	%
Consumer goods	370	17	320	10	1,700	12
Raw materials, fuels and spares . .	970	44	1,540	50	6,800	49
Invisible payments (on private account)	370	17	430	14	2,000	15
Debt service	80	4	480	16	1,450	11
Other Government expenditure . .	220	10	230	8	1,100	8
Foodgrain purchase from Pakistan's own resources	200	9	50	2	700	5
Total . . .	2,210	100	3,050	100	13,750	100

The increase in non-development imports is expected, despite decreasing imports of consumer goods (classified in many cases as unessential) and of foodgrains (as a result of the drive for self-sufficiency in this sector). Payments for debt-servicing are expected to show the largest percentage increase, rising from Rs. 80 million in 1960/61 to Rs. 480 million in 1964/65. The largest item, payment for raw materials, fuels and spares, which actually accounted for Rs. 970 million in 1960/61 is expected to increase by about 52.5 per cent to Rs. 1,540 million in 1964/65.

Despite the scarcity of foreign exchange, the Government of Pakistan intends to continue its policy of relaxing and modifying its import controls whenever possible and of introducing greater flexibility into the allocation of foreign exchange for various purposes.

(c) *Exports*

Export promotion and export-oriented investment are to form an important part of economic policy in Pakistan during the Second Plan Period. Investment under the Plan is to be made wherever possible in sectors producing for export. Domestic consumption is to be curtailed so that an exportable surplus will exist. It is hoped to achieve this by the levying of excise taxes. The possibility of using compulsory export quotas has also

been discussed. The Plan faces uncompromisingly the need for austerity and for the diversion of goods in growing demand at home to the export market.

In common with other less-developed countries Pakistan has traditionally relied on the export of a narrow range of basic commodities for which demand is inelastic and whose prices fluctuate unpredictably. In the case of Pakistan, partition cut across traditional patterns of production. The desirability of a more diversified export structure is clear, but despite lack of financial resources it has been found essential to give assistance to infant industries attempting to break into the export market. The Export Bonus Scheme came into effect in January 1959. Under the Scheme all exports, except raw jute, raw cotton, hides and skins, wool, rice, tea and (later) cotton yarn which were traditional export items, earn negotiable bonus vouchers for a percentage of their f.o.b. value which allow the import of a wide range of commodities. The Scheme has effectively stimulated the export of new products and has been an important factor towards a more liberal import policy. Exports covered by the Scheme were valued at Rs. 456 million in 1959, Rs. 672 million in 1960 and Rs. 695 million in 1961, and vouchers issued amounted to Rs. 96 million, Rs. 138 million and Rs. 159 million respectively. Some goods not previously traded in significant quantities are now being exported in increasing amounts. These include fuller's earth, dry dates, medicinal herbs, crude glycerine, cement, files, gold thread, household utensils, reedboard, maize starch, marble blocks, molasses, tents, oxygen gas, brushes and cotton canvas. It has been recognized that the operation of an incentive for a very short period, or the existence of uncertainty on its operation would considerably reduce its effectiveness in stimulating the establishment of new export industries. It has therefore been decided to continue the export bonus scheme at least for the duration of the Second Plan period.

In connexion with the stimulation of exports of traditional products careful consideration has been given to the reduction of export duties, notably those on cotton and jute. The Plan, referring to this, felt the case for a reduction to be stronger in the case of cotton, where the tax was felt to act as a disincentive to the production of cotton for export in raw form, than in the case of jute. It was however pointed out that raising the price of jute would discourage consumption and promote the use of substitutes in the consuming countries.

The Plan considers the direction of Pakistan's export trade as well as its commodity composition. There is a need to develop new markets as well as new export products. Traditionally intra-Commonwealth trade has been of primary importance to Pakistan. The main importers of Pakistani goods among Commonwealth countries are the United Kingdom and India.

It should, however, be noted that during the fifties the countries now forming the European Economic Community have absorbed a larger share of Pakistan's exports than has the United Kingdom. In general the developed countries have imported the bulk of Pakistan's exports and the Plan recognizes that it will be an important part of Pakistan's export policy to promote trade with the developing countries in Asia and Africa.

(d) *Projected foreign exchange earnings*

Table 6 sets out projected foreign exchange earnings during the Second Plan period by main export groups. These export items face uncertain markets but the projections are inevitably based on the assumption that world market conditions will not be subject to violent fluctuations. The projections are also based on the assumption that the production targets of the Plan will be achieved. It is estimated that total foreign exchange earnings will rise from an annual level of Rs. 1,970 million in 1959/60 to about Rs. 2,450 million in 1964/65, an overall increase of nearly 15 per cent. Of the increase, about three quarters is likely to be accounted for by manufactured goods and one quarter by exports of raw materials. Despite this it can be seen that for some time to come the Pakistan export trade will be heavily reliant on a few basic crops.

Table 6

PROJECTED FOREIGN EXCHANGE EARNINGS DURING SECOND PLAN 1960-65

(Million rupees and per cent)

	1960/61 actual		1964/65 projection		Total Second Plan
	Mil. Rs.	%	Mil. Rs.	%	Mil. Rs.
Raw jute	870	39	800	33	4,100
Jute manufactures	320	14	340	14	1,600
Raw cotton	200	9	260	11	1,100
Cotton manufactures	120	3	220	9	800
Hides and skins	70	3	70	3	350
Wool	80	4	80	3	400
Miscellaneous exports	270	12	400	16	1,500
Invisible receipts	280	13	280	11	1,400
Total	2,210	100	2,450	100	11,250

(i) *Export targets for raw jute and jute manufactures*

The Plan anticipates that the world market for jute goods will expand by at least 1.2 per cent per annum during the Second Plan period. Rapid expansion seems unlikely as jute is meeting stiff competition from paper

and to a lesser extent from other fibres as a packaging material, while bulk handling tends to impede expansion of the packaging material market as a whole. About 15 to 20 per cent of world jute production is, however, used for non-packing purposes of which the manufacture of floor coverings is the most important. This is a growing market and the danger of the substitution of other materials is less. It is considered possible that the consumption of jute for non-packaging purposes may increase by 4 per cent per annum or even more.

The entire increase in exports is expected to take place in the form of manufactured goods. In 1964/65 the production target for raw jute has been fixed at 7.3 million bales, of which 4.4 million would be exported unprocessed. The target for jute looms has been set at 12,000 by 1964/65 so that at least 380,000 tons of jute goods could be produced. If markets are favourable, this should leave at least 290,000 tons for export in that year. On these assumptions, raw jute would earn Rs.800 million of foreign exchange in 1964/65 and jute goods Rs.340 million.

(ii) *Raw cotton and cotton manufactures*

An increase of some 10 to 15 per cent in world consumption of cotton appears to be a likely estimate in the Second Plan period. As Pakistan provides only about 5 per cent of world cotton exports there seems to be scope for increased sales if supplies can be made available at competitive prices. A production target of 2.3 million bales has been set for 1964/65, compared with the estimated production of about 1.7 million bales in 1959/60. The adoption of the target contained in the Plan was conditioned by two factors, i.e. that cotton faces severe competition on the world market from over-production and from artificial fibres, while at home it shares claims on acreage with essential foodgrain crops. While the acreage which can be devoted to cotton growing is limited, the Plan does foresee an increase in the production of high quality cotton. Comilla cotton grown in East Pakistan is a very high quality harsh short-staple cotton and commands a premium price over all other comparable varieties. During the past five years, production of Comilla cotton has varied between 14,000 to 19,000 bales. The demand for this cotton could reach 50,000 bales and more if supplies could be assured. At present production fluctuates widely between 10,000 and 55,000 bales as it depends on shifting cultivation by nomads. It is assumed that by 1964/65 it will be possible to export 650,000 bales of raw cotton. The export price of raw cotton has been assumed to be only 400 rupees per bale, at which price Pakistan would be fully competitive in world markets.

The cotton processing industry has been developed almost entirely by private enterprise and is the premier manufacturing industry of the country.

Its importance from the point of view of the country's foreign exchange position is very great. In 1950/51 the country imported cotton manufactures worth Rs.625 million. These imports, which it is estimated would have cost about Rs.900 million in 1960, have been eliminated and cotton yarn and cloth worth about Rs.200 million were sold abroad in 1959/60. Between 1954-59 yarn production was doubled. By 1959 production of yarn and cloth was valued at about Rs.1,000 million and the industry employed about 150,000 persons providing more than one third of all employment in large scale industry. Capacity was sufficient to meet domestic requirements of cotton textiles in the coarse and medium varieties and to provide a margin for export until 1959 when shortages began to develop due to the unimplementation of First Plan targets. The average consumption of domestically produced cloth during the First Plan period was 12 yards per caput. Domestic demand is expected to rise to 14.5 yards by 1965. To maintain domestic supplies and textile exports the Plan proposes a target of 2.5 million spindles by 1965. While the Plan acknowledges that forecasting in this field is particularly difficult, it expects exports of cotton manufactures to fall off and not to return to the 1960 level until 1964/65. By this time it is assumed that 50 million pounds of cotton yarn and 225 million yards of cotton cloth will be exported.

(iii) *Wool*

Existing woollen spindlage can meet internal requirements by establishing operations on a multi-shift basis. Capacity in the worsted textile industry is now 3.5 million pounds while demand is estimated at 4 million pounds. No increase in capacity is proposed during the Plan period because of the foreign exchange burden of imported raw materials including wool tops, dyes and chemicals. Exports of wool and wool products are expected to remain stable during the Second Plan period at roughly Rs.80 million per annum. Most of the wool which is suitable for manufacturing carpets is now being exported raw. It is proposed to convert a part of this into yarn for use in the domestic manufacture of carpets. The Plan, therefore, proposes to set up a carpet-wool spinning unit based on indigenous wool. It is further proposed to establish a wool bureau on the lines of the International Wool Secretariat which is, among other matters, to be responsible for trade promotion.

(iv) *Hides and skins*

The present annual production of hides and skins is estimated at 16 million pieces, valued at Rs.135 million. Of these only about 6 million pieces are tanned in Pakistan, the balance being exported in the raw state. During the First Plan period an average of Rs.50 million in foreign exchange was

earned per annum from the sale of hides and skins. It is hoped to raise this average to Rs.70 million per annum during the Second Plan period.

Better handling of raw hides and skins, notably through more careful flaying, can substantially increase foreign exchange earnings. Foreign exchange earnings can also be increased considerably by exporting processed goods rather than raw hides and skins. An expert report puts the net foreign exchange earnings which could result from the expansion and improvement of tanning and leather fabrication at more than Rs.90 million per year. It is estimated that an additional Rs.20 million could be earned by improving the quality of raw hides and skins. It will be important to secure adequate quality control for products destined for the export market.

The export of leather in the form of finished leather goods is also a promising possibility. With technical advice on design and quality, small units can manufacture excellent leather goods such as bags, footwear, wallets, belts and finished leather goods for which there is a large export market. The Small Industries Corporation will devote attention to strengthening small industries.

(v) *Tea*

At the outset of the Second Plan period about 54 million pounds of tea were produced per annum after processing. In the calendar year 1960, however, exports of tea were valued at only Rs.10 million compared with an average of Rs.29 million in the three previous years since the rise in domestic consumption had reduced the surplus available for export. In September 1960 the Government called a Convention of Exporters at which representatives of trade and industry met to recommend methods of reaching the objectives for exports laid down in the Second Plan. It is hoped that at the end of the Second Plan period 22 million pounds of tea, valued at Rs.49 million, will be exported per annum.

(vi) *Miscellaneous exports*

Exports of *fish* are expected to earn at least 50 million rupees per annum during the Plan period.

It is hoped that it will be possible to export about 70,000 to 95,000 tons of superior *rice* per annum during the Second Plan period.

It is proposed to increase production capacity for *mechanical paper* and *newsprint* by 15,000 tons during the Second Plan period. While demand for paper products, notably for packing purposes, is bound to increase, it is

thought that about 11,000 to 12,000 tons of newsprint and about 8,000 to 9,000 tons of mechanical paper should be exported annually by the end of the planning period.

An *oil* refinery is being established in Karachi and its by-products, notably gases, will be available for a wide range of important synthetic fibres and other products. This, together with other chemical plants, based on natural gas of which there are large deposits in West Pakistan, is expected to provide a surplus of Rs.90 million for export in 1963/64 and subsequent years.

Production of *sports goods* gives employment to thousands of workers in West Pakistan. Most of the production is exported and enjoys a high reputation although there has been some fall in exports. The Small Industries Corporation will undertake the modernization of this industry in order that it may maintain and strengthen its position on the world market. It is expected that present exports, valued at about Rs.10 million per annum, could thereby be increased.

Miscellaneous exports such as those discussed above and others based on small scale craft production, are expected to rise in value from the Rs.190 million annual average during the First Plan period to a level of Rs.400 million in 1964/65. A small increase in invisible receipts is also assumed in the Plan coming mainly from increased earnings of shipping, air and insurance services, as well as from tourism.

(e) *Conclusion*

Total foreign exchange earnings during the Second Plan period are expected to be about Rs.11,250 million or an annual average of 2,250 million. In 1960/61 foreign exchange earnings had already reached a level of Rs.2,210 million compared with the annual average during the First Plan period of 1,912 million.

B. Report of Committee III on the Examination of the Second Five-Year Plan of Pakistan

(L/1924, 19 November 1962)

1. *Terms of reference*

The Committee met from 6-13 November 1962 to examine the trade and payments aspects of the Second Five-Year Plan of Pakistan, as had been decided by the Committee when it met in February 1962 to arrange its work programme.

The Committee had before it a paper prepared by the secretariat in consultation with the Pakistan authorities on the trade and payments aspects of the Plan. Copies of the text of the Plan and of the revised estimates for the Plan had also been supplied to contracting parties by the Government of Pakistan. The Committee first examined the strategy of the Plan before turning to its commercial policy aspects.

2. *Opening statement by the representative of Pakistan*

The representative of Pakistan said that the last fifteen years of Pakistan's economic history was a chronicle of a poor country's persistent efforts to shed off its seemingly endemic economic stagnation. At the time of independence (August 1947), Pakistan had inherited only the areas producing primary commodities and raw materials. The industrially developed areas of the Indo-Pakistan sub-continent went to India. Moreover, basic facilities, such as power, communications and transport, educational institutions and other training facilities, were woefully deficient. The mass migration following independence further accentuated the economic difficulties of the country and imposed a severe strain on its young and inexperienced Administration. In almost every sector of the economy Pakistan had to begin from scratch.

Pakistan unfortunately happened to be one of the poorest countries in the world. The national income per head was equivalent to US$70, one fifteenth of the United Kingdom's and one fortieth of that of the United States. At the present time the total population was about 94 million, and appeared to be growing at the rate of about 2.3 per cent per annum. Agriculture employed 75 per cent of the labour force and provided 56 per cent of the national income; it was mainly subsistence farming—rice in East Pakistan and wheat in West Pakistan—but it was also the main source of Pakistan's exports—cotton, jute, wool, hides and skins, and tea.

The process of economic development in Pakistan commenced simultaneously with independence. The initial efforts at economic planning, however, were rather stopgap measures. Early in 1948 a Development Board was established by the Central Government " to co-ordinate nation-building schemes and determine their priorities ". In practice, the Board could not take any comprehensive view of problems and possibilities because so few data were available to them, and they had no effective control over sanctions or implementations.

In 1950, a step forward was taken. The Colombo Plan for the Economic Development of South and South-east Asia emerged from a meeting of Commonwealth Finance Ministers and called for a national economic plan for Pakistan, along with plans for India, Malaya, Singapore, North Borneo and Sarawak, each to cover the six years beginning from mid-1951. For this, the Government of Pakistan created new machinery: a Planning Commission, consisting of the permanent heads of Central Government Ministries and the senior officers of the Provincial Government concerned with development, with the Minister of Economic Affairs as Chairman.

Pakistan's Six-Year Plan had proposed a total development expenditure of Rs.2,600 million. The development programme of this Plan was primarily designed to build up the infrastructure of the economy.

The Six-Year Plan, although a brilliant piece of hastily improvised programming, had been far from being a comprehensive and integrated blueprint of social and economic development. It had many gaps and was soon superseded by a two-year priority plan (1951-1953) which was estimated to cost Rs.500 million, and which concentrated on certain of the projects of the Six-Year Plan, mainly ports, ships, thermal power stations, cement factories and textile mills.

But even the Two-Year Priority Plan could not be implemented as a whole. The end of the Korean war brought a sharp fall in Pakistan's export earnings and necessitated a drastic cut in imports; at the same time, there was a serious harvest failure in West Pakistan. So once more economic planning had to be put on a " first-aid " basis.

In August 1952, the Government appointed an Economic Appraisal Committee to review the progress of development. The Committee in their report pleaded for " more orderly and integrated planning ".

Responding to the proposals of the Economic Appraisal Committee, the Government of Pakistan established the Pakistan Planning Board in July 1953 with the following terms of reference: to review the development that has taken place since independence; to assess the resources—material and human—which can be made available for development during the next five years beginning from April 1954 (later deferred to 1955); to prepare a

national plan of development based on the fullest possible utilization of these resources for implementation in a period of five years as a step towards the attainment of the economic and social objectives of the Government's policy; to make proposals regarding the administrative machinery best calculated to assure the successful implementation of the Plan; and to make any other recommendations which, in the opinion of the Board, will contribute towards the success of the Plan. The First Plan was published in a draft version in May 1956. A revised version was published in December 1957.

The First Five-Year Plan (1955/56—1959/60) was the first comprehensive and integrated blueprint of the country's social and economic development. It set out a strategy of development designed to raise to the maximum extent possible the level of living of the people while at the same time building up the potential for future growth. It aimed at increasing national income by 15 per cent which, in view of the then anticipated increase in population, would have resulted in a 7 per cent increase in per capita income. Its other objectives were to strengthen the balance of payments, increase job opportunities, to take care of additions to the labour force in the Plan period, extend social services like housing, health and education, and step up the rate of growth in the economically retarded areas of the country. The dimensions of the Plan were modest: Rs.7,500 million in the public sector and Rs.3,300 million in the private sector.

The story of the implementation of the First Five-Year Plan is one where sunshine and shadows were strangely mixed. While financially the Plan was fulfilled to the extent of about 90 per cent, its expectations with respect to an increase in national income were not realized. Against the Plan target of 15 per cent, the actual achievement was of the order of 11 per cent. Because the population increased by about 10 per cent during the Plan period, the increase in per capita income was negligible.

The first Plan, however, did succeed in laying the social and economic foundations for future growth of the economy. The transportation system and port facilities were renovated and improved; generation of power was expanded; work on several multipurpose projects progressed a good deal; and significant strides were made in the field of industrialization.

In general terms, the conclusion to be drawn from the experience of the first Plan was that, while progress was good deal less than was hoped, there did take place significant improvement in the climate for economic growth.

The Second Five-Year Plan, covering the period 1960/61-1964/65 was designed to carry forward at accelerated pace the process of economic growth set in motion by the first Plan. The fundamental problem for the second Plan, as for the earlier efforts, was, in its own words, " how, under

severely limiting conditions, to find some way towards the liberation of the people from the crushing burden of poverty . . . the compelling consideration is that the economy must grow at a rate which must be faster than the increase in population ".

The principal targets of the Plan were:

(i) 24 per cent increase in the national income and 12 per cent in its share per head of the population;

(ii) 21 per cent growth in food production for moving towards self-sufficiency:

(iii) 60 per cent increase in the output of large-scale industry;

(iv) 3 million more employment opportunities;

(v) a rise in the average rate of domestic savings of 10 per cent and in the marginal rate to 25 per cent;

(vi) acceleration in the economic growth of relatively less-developed areas in the country; and

(vii) an increase of 15 per cent in total foreign exchange earnings.

The Plan, announced in June 1960, anticipated an aggregate development expenditure of Rs. 19,000 million. It was revised, in November 1961, because of: price increases since its original formulation in 1959; underestimation of the costs of several projects as proved by subsequent engineering reports; higher than expected rate of population growth, revealed by the 1961 census; and some expansion in the physical dimensions of the Plan. Consequently, the total development outlay was raised to Rs. 23,000 million. The revised estimates have been endorsed by the World Bank and the consortium of powers interested in development assistance to Pakistan.

The revised Plan envisaged a development outlay of Rs. 14,620 million in the Government-financed sector and Rs. 8,380 million in the privately-financed sector. It was anticipated that domestic savings will finance 52 per cent (Rs. 12,050 million) of the Plan and external aid and private foreign investments will provide the remaining 48 per cent (Rs. 10,950 million).

The second Plan's strategy could be summarized as follows: first priority was given to schemes which were already in an advanced stage of preparation or which had already been the subject of foreign aid or loans. Second, there was emphasis on schemes which were designed to give quick returns by the better use of existing resources. Third, the Plan sought to make maximum use of the market mechanism, and to employ fiscal and monetary measures, rather than direct controls, as possible. Fourth, it adopted a pragmatic approach as between the rôles of the public and private sectors,

with no industries barred from private investment (indigenous or foreign), and public investment supplementing rather than displacing private enterprise. Fifth, the Plan aimed to develop labour-intensive rather than capital-intensive methods where the choice was feasible, corresponding to the relative scarcities of the factors of production. Sixth, an attempt was made to capture a part of the extra wealth of the community as the economy progresses, for still further investment (one quarter of the estimated increase in national income). Seventh, the instrument of annual development programme would be used to bring about orderly adjustments in the Plan to meet the changing circumstances. The Plan had built-in flexibility in it.

The progress of the Plan to date had been satisfactory. About 31 per cent of the aggregate Plan expenditure of Rs. 23,000 million had been spent in the first two years (1960/61 and 1961/62). The pace of implementation was somewhat faster in the privately-financed sector (34 per cent) than in the Government-financed sector (30 per cent). On present indications, it should be possible to finance further development programme (Rs. 4,960 million) during the third year (1962-63), thus bringing the rate of implementation up to 53 per cent for the first three years of the Plan. This would be in accord with normal phasing of Plan expenditure—rising year-by-year until the peak is reached in the latter half.

Foreign exchange earnings in the first three years of the Plan were also likely to be Rs. 560 million larger than originally projected for this period. While exports of raw cotton and cotton manufactures were below the Plan expectations, earnings from jute manufactures, rice and invisibles exceeded the Plan targets.

In overall terms in the first two years of the Plan the economy had grown by about 11.4 per cent. If the population growth was 2.2 per cent a year, then the national income per caput in this period increased by about 7 per cent and amounted to approximately Rs. 340 at current prices, equivalent to about US$73. This showed that at the present time the population was still very poor and that a substantial amount of external assistance would be needed for many years to come. There were good prospects for achieving the Plan targets of 24 per cent increase in national income and 12 per cent in its share per head of the population.

Economic planning in Pakistan was implicitly based on a long-term model, which found a mention, although only a passing one, in the second Five-Year Plan. The long-term objective was stated to be " to double the existing level of national income in the fourth Plan period and to quadruple it in the sixth Plan period ". In view of a faster than anticipated rise in population, the rate of growth projected in this long-term model required acceleration. In the perspective Plan of Pakistan, which was currently

being prepared, the planners were working out a model which aimed at increasing national income by 30 per cent in the third and subsequent Plans. The foreign exchange implications of this long-term perspective Plan clearly brought out the paramount need of stepping up Pakistan's foreign exchange earnings. Exports must be increased sharply to enable the country to maintain the momentum of its " socially necessary rate of growth." This underlined the fact that it was important that the developed countries should follow enlightened, expansionary and outward-looking trade policies. The prospects for increases in foreign exchange earnings from raw materials were not very bright. The manufactured goods had of necessity to grow in importance in the export trade of the country. Pakistan had every hope that it would have available to it expanding markets of the developed countries for its raw materials, as well as for its manufactured products.

3. *Strategy of the Plan—Basic objectives and methods*

The representative of Pakistan said that of the objectives of the Plan outlined in his opening statement overriding importance was attached to securing an increase of 24 per cent in national income during the Plan period. It was emphasized that this increase was an extremely modest one as national income per capita in the basic year was estimated at about $70. In reply to a question about the implications of population growth for the country's development effort, the representative of Pakistan said that the Second Plan had enunciated a population policy which, aside from measures designed to reduce birth rates by encouraging family planning, took into account the qualitative aspects of the problem. Account had been taken of the impact of population growth on social change, labour force utilization, health and human welfare. He, however, maintained that widespread family planning would come only when the population realized that rising standards of living were possible for them and their children.

In answer to a question it was stated that in drawing up the Plan, the Pakistan authorities had also taken into account differences in regional development. Regional problems existed in most countries, even those which were economically highly integrated, but in Pakistan these were complicated by the separation of the two wings of the country by over a thousand miles of foreign territory. This geographic separation greatly hindered the interwing mobility of the factors of production and restricted severely the spread effects of the growth impulse. The Government was committed under the Constitution to equalize the level of per capita income of the two wings of the country and it was expected that this would be accomplished in the not too distant future.

The fact that the Plan had more than one objective made it particularly difficult to use econometric methods in its construction. These methods

were of doubtful usefulness in Pakistan where a firm statistical base was not yet fully established. The drawing up of an input-output table was however being considered for the Pakistan economy. In the formulation of the Plan an attempt had been made to match " key " inputs like foreign exchange, transport capacity, steel, cement and technical manpower with the anticipated demand for these. The progress of the Plan to date had revealed that those forecasts were correctly based.

The decision on the size of the Plan had been influenced by many considerations: the rate of growth achieved by the economy in the recent past, the rate of population growth, the people's expectations about improvements in the level of living, the rate of growth attained by countries in similar situations, the domestic savings of the economy and anticipations about the availability of foreign aid and loans. It was again stressed that the Plan was not an immutable blueprint. It was a flexible design of economic programming. The principal instrument for making orderly changes in the Plan to bring it in line with changing circumstances was the Annual Development Programme which was to be prepared each year after a realistic appraisal of the performance of the economy and the resources that were in sight. In an economy like that of Pakistan, where exogenous factors are so important, it is vital to preserve flexibility in the Plan.

4. *Balance between the public and private sectors*

In answer to a question, the representative of Pakistan said that the Pakistani Plan was very liberal in its approach. No doctrinaire assumptions underlay it. The distribution of investment allocations between the public and private sectors was determined pragmatically. The private sector had been left free to do all those jobs for which it was competent. The rôle of the public sector was supplemental. It had also been the policy of the Pakistan Government to hand over to private enterprise industrial projects after their economic feasibility had been demonstrated.

The representative of Pakistan explained that a new classification, designated the semi-public sector, had been introduced for the first time in the Second Plan. It comprised corporations financed by Government loans and grants and also by private contributions and their own resources. In certain cases these corporations also received private foreign investment. They differed from public sector agencies in that they enjoyed a much greater degree of administrative autonomy. Examples of such organizations were: Industrial Development Corporations in East and West Pakistan, Pakistan International Airlines, Karachi Port Trust, the Inland Water Transport Authority in East Pakistan, the Karachi Electric Supply Corporation, the Karachi Development Authority and improvement trusts in important towns in East and West Pakistan.

The private sector of the Plan was not subject to the same detailed degree of planning as the public sector. It was proposed to keep the private sector in line with the objectives and targets of the Plan by appropriate monetary, fiscal and trade policies and through the allocation of loans in conformity with the targets of the Plan. The Plan did not intend to trammel private initiative by prescribing a rigid framework for it. Nevertheless, it did attempt to establish the appropriate fields for its development and indicated where the national interest lay.

Foreign loans and investments would be forthcoming for industry, fuel and minerals in the private sector. The foreign exchange component of the private and semi-public sectors was estimated at Rs.3,920 million. It was expected that this amount would be forthcoming in the following manner: Rs.600 million in the form of private foreign investment, mainly in oil and gas explorations; Rs.750 million through the Pakistan Industrial Credit and Investment Corporation; Rs.600 million through Pakistan Industrial Development Bank; Rs.250 million in direct loans to the public corporations by foreign aid-giving agencies; and Rs.170 million by the transfer of foreign exchange from the Government to these two sectors.

Private foreign investment was very welcome in Pakistan. It had been afforded every facility and security and Pakistan had entered into investment agreements with a number of countries.

5. *Agriculture*

In the drawing up of the Second Plan the paramount importance of agriculture was clearly recognized. As was noted in the secretariat background document, a very high priority had been attached to increasing agricultural production. The representative of Pakistan pointed out that 56 per cent of the gross national product was derived from agriculture and three quarters of the labour force found its employment in this sector. To an overwhelming extent the exports of the country were also dependent, directly or indirectly, on its agricultural production. The Plan had predicted a 14 per cent increase in agricultural production and a 21 per cent rise in foodgrain production. The foodgrain target had almost been reached in the first three years of the Plan. One had, however, to be very wary before drawing any optimistic conclusions from this performance. Good weather had played an important rôle in brightening the agricultural picture in the first two years of the Plan.

The representative of Pakistan agreed with members of the Committee that disguised unemployment was one of the most important problems to be faced in a predominantly rural economy like that of Pakistan. In this connexion he under-scored the importance of the Works Programme, for which

an allocation of Rs.1,600 million had been made for the Plan period. The Works Programme had been designed to utilize excess rural manpower on nation-building projects by the liberal provision of basic wage goods. Schemes, such as the creation of coastal embankments, low lift pump and small irrigation projects, low-cost housing, feeder roads, school construction, water supply and drainage and reclamation would be undertaken. It was hoped that this Works Programme would succeed in leaving the stagnant mass of rural society and would create in it an enthusiasm for development and self-help.

Another way of decreasing the amount of disguised unemployment was to make agriculture itself labour intensive by the provision of such inputs as water, fertilizers and pesticides.

In reply to another question, the Pakistan delegate pointed out that the self-sufficiency in foodgrains contemplated in the Second Plan was at the level of existing calory intake, which was below accepted nutritional standards. With the growth of incomes the per capita demand for foodgrains was expected to increase over the existing subnormal level and for some time therefore even after the Second Five-Year Plan, imports of PL.480 commodities would be necessary.

In reply to a question raised about the rôle of the co-operative movement in Pakistan, the representative of Pakistan pointed out that, although the co-operative movement had been in existence since 1904, it had not succeeded in making a very significant impact on the agricultural credit situation in the country. In the Second Plan the main effort would be concentrated on the organization of primary societies. It was proposed that at least 500 new large co-operative societies would be established during the Plan period, in West Pakistan; in addition to the establishment of new societies, it is hoped to re-organize at least fifty existing small co-operative societies in this province. In East Pakistan 500 of the existing 3,500 union multi-purpose societies will be re-organized. One of the main reasons for the slow performance of the co-operative movement had been a lack of marketing facilities provided and the Plan therefore proposed the establishment of new marketing societies.

6. *Industry*

The representative of Pakistan pointed out that Pakistan, despite the rapid strides being registered in the field of industrialization, would still be a predominantly agricultural country at the end of the Second Five-Year Plan. The share of industry in the gross national product was expected to go up from 14 per cent to 17 per cent. Asked about the criteria for industrial development in Pakistan, the representative of Pakistan said

that industries had been favoured which were expected to make the largest net contribution to national income per unit of investment, and that industries had been preferred which resulted in net increases of foreign exchange earnings per unit of investment. Preference had also been given to industries which used indigenous raw materials and provision had been made for industries which were expected to become important to the economy in the future, even though their immediate contribution to income and employment per unit of investment might not be large, as for example, industries which produced certain types of producer goods. Finally consumer goods industries which produced necessities had been preferred to those which produced non-essential and luxury items. The representative of Pakistan pointed out that the complexity of the problem of industrial development did not permit the application of any simple criteria, such as the preference of heavy goods industries over light goods industries. It was necessary however that, in view of the long-term requirements and the desirability of reducing the foreign exchange component of the development programme, increasing importance should be attached to producer goods industries.

In reply to further questions, the representative of Pakistan further elaborated that if nothing was done about replacing some of the capital goods imports through domestic production, the foreign exchange problem would become practically impossible for Pakistan in the near future. He said at any given point of time the development of capital goods industry might appear to be an inefficient alternative to the development of light consumer goods industry but such a static comparison missed the requirements of the long-term growth of the economy.

If capital goods industry was not developed in earlier plan periods, some of the investment in later plan periods would be frustrated for lack of foreign exchange. To a static comparison of the costs and benefits of various consumer goods and capital goods industries must also be added the future loss of investment if capital goods industry was not developed. It was possible to argue that it might be more efficient to build up consumer goods industries, to export their products at whatever they would fetch in the international market, and to finance development imports from the consequent increase in foreign exchange earnings. However, such an argument assumed a difference in the efficiency of consumer goods and capital goods industries and an infinitely elastic international demand for consumer goods, which were rather questionable assumptions. Furthermore, it was politically easier to protect an expanding capital goods sector from consumption pressures at home than it would be to protect an expanding consumer goods sector. In fact, the former makes the attainment of a high marginal rate of saving far more practicable.

In reply to a question about the relative rôle of large and small-scale industries, the representative of Pakistan pointed out that careful considera-

tion had been given in the Plan to the ratio between large, medium-sized and small units. The Plan visualized a balanced industrial structure. It gave encouragement to new small and medium-sized industries. It fostered sub-contracting, which implied that some large-scale industries would buy systematically from smaller units. However, he pointed out that it was not the aim of the Plan to perpetuate an uneconomic complex of small industries. The need for the economic utilization of scarce development resources was so paramount that waste in the form of all-out promotion of an industrial pattern dominated by small enterprises could not be contemplated. It was further pointed out that limitations imposed on the rapid expansion of small and medium-sized industries were market considerations, and the shortage of technical and managerial skills. There was no doubt that in a country like Pakistan, with its vast pool of disguised unemployed labour, there were countervailing social advantages in spreading industrialization through small units. The Plan, therefore, introduced a series of positive actions which should facilitate the growth of efficient small and medium-sized industrial units. The representative of Pakistan, however, expressed his personal opinion that the solution of the unemployment and underemployment problems of the country could not be found in the development of small industries alone. A massive rural Works Programme, on which a beginning was being made in the Second Plan offered the most promising hope of solving the problem of excess rural labour.

7. *Foreign aid*

It was pointed out that at the present stage of development, Pakistan along with most developing countries, was faced with a stubborn balance-of payments problem. The country's exchange earnings were not even sufficient to meet its maintenance requirements. The entire foreign exchange component of the development programme had to be met from foreign aid, foreign loans and private foreign investment.

In reply to a question, the representative of Pakistan pointed out that the terms of which foreign aid was available to his country varied in " hardness ". Some loans, for example like those from AID of the United States and International Development Authority were on " soft " terms, while others like those of the World Bank and the export credit given by certain countries were quite " hard " and imposed a difficult burden on the future balance-of-payments position of the country. He pointed out that it was imperative that the external aid to Pakistan should be on very " soft " terms and should also be for very long periods. The example set in this regard by AID of the United States and IDA should be followed by others. Pakistan was not able any longer to contract foreign loans of less than fifteen years maturity.

In reply to further questions, the representative of Pakistan stated that, not only should the aid be available on longer and softer terms, but its character also required to be changed. At the present time, most of the aid which was available to Pakistan was tied to purchases from the aid-giving country. This considerably whittled down the real content of aid and also posed serious programming problems. Again a very large part of aid was available on a " project " basis. The aid-giving countries preferred to have well-defined projects with a large foreign exchange component which could be utilized for purchases in their country. The consequence of following this " project " approach was that a considerable part of the development plan, which consisted of small diffused or undramatic schemes, could not be financed. This resulted in the distortion of the priorities of the Plan. These small or undramatic schemes normally pertained to sectors like education, agriculture, health, social welfare and manpower development, the vital importance of which was now generally recognized. This neglect of human capital, because of a fondness for the " project " approach, could have adverse consequences on the balanced implementation of the development Plan. The representative of Pakistan underlined the importance of making a large part of the aid available as general balance-of-payments support untied to specific projects. The representative of Pakistan also drew attention to the commendable practice of IDA of financing a part of the local cost of a project by the purchase of local currency from the Central Bank of the country. This practice, of course, was applicable in the case of those projects where the foreign exchange component was less than 50 per cent. The free exchange thus made available afforded much needed flexibility in development planning. In reply to another question, the representative of Pakistan pointed out that in the first three years of the Plan, the economy had been relatively starved of maintenance imports. While the Plan originally projected a maintenance support requirement of Rs.1,480 million for this period, the actual receipts were likely to be only Rs.300 million. To a large extent, the impact of this lower availability was softened by higher foreign exchange earnings, a lower burden of debt repayment and a drawing down of foreign exchange reserves. In fact, as much as Rs.850 million out of a total shortfall of Rs.1,180 million in maintenance support during these years was made up through these sources. This implied a squeeze on domestic consumption since the development programme was protected against a shortfall through the diversion of commodity aid to development uses.

In reply to a further question, the representative of Pakistan pointed out that from a long-term point of view, it was vital that Pakistan's export capability be increased sharply. Pakistan wanted gradually to limit its dependence on aid and to increase its trade. This desirable objective, however, could only be obtained if the policies of the developed countries were

enlightened, outward-looking and expansive. There appeared to be some ambivalence in the approach of developed countries to the developing countries. While the need for aid was being appreciated and it was being quite generously extended, the other need to develop these countries' exports was not being fully appreciated. The lack of adequate appreciation of the developing countries' need for ever-expanding trading outlets implied that the developed countries were following a policy whereby they would continue to underwrite the development effort of the emerging countries by the granting of aid of various forms and furthermore, in most cases to re-finance previous loans.

Asked about the way in which United States Public Law 480 aid was being utilized, the Pakistan representative said that care had been taken to ensure that the availability of this aid would not exercise a deleterious effect on farm production. Farmers' incentives for higher production had been protected through the guarantee of floor prices for wheat. It was further stated that the Public Law 480 programme provided an excellent source of non-inflationary internal financing. By keeping the prices of basic wage goods at a reasonable level, it would protect the economy from inflationary pressures which were somewhat inherent in a period of rapid growth. According to an agreement reached with the United States, 11 per cent of the counterpart funds generated by the sale of Public Law 480 commodities would be earmarked for United States uses. Another 19 per cent of the counterpart funds would be used for the Indus Basin Fund. The balance would be available for meeting the requirements of the Plan and the Works Programme.

8. *Commercial policy*

Pakistan had traditionally relied on the export of a narrow range of basic commodities for which demand was relatively inelastic, whose prices fluctuate unpredictably and some of which were subject to unfavourable long-term trends. Methods to stabilize the conditions under which these were marketed and to diversify the export structure had therefore been under close consideration.

Members of the Committee referred to the statement in the background documentation that one of the main preoccupations of Pakistan's commercial policy was the need for some international means of promoting the stabilization of the prices of internationally traded primary commodities, as well as manufactured goods required for development purposes. The representative of Pakistan said that this problem was one of the most difficult facing world trade today. Attempts had been made to stabilize the price of commodities through buffer stocks and international commodity agreements but these had run into well known difficulties. In addition to

general measures, such as compensatory financing and maintenance of effective demand at a high level in the industrialized countries, specific solutions for each commodity would have to be worked out. The representative of Pakistan said that his country was particularly interested in seeing action taken on jute, raw cotton, wool and tea. The existence of surpluses of raw cotton in the United States created special circumstances in this case. In the case of jute only two countries were principal producers but steps taken by these two countries alone would be inadequate as action would be necessary not only on jute, but also on its substitutes. Referring to manufactured goods he said that cartellization in the industrialized countries should not result in an artificial rise in prices.

Replying to questions on the Export Bonus Scheme, details of which were set out in the secretariat background paper [1], which had been introduced to give assistance to selected items to enable these to break into the export market, the representative of Pakistan agreed that this type of scheme, together with other aids to exporters which were granted by many countries, had the same impact as limited devaluation. It might be argued that Pakistan could have adopted the orthodox solution of devaluation, but this would necessarily apply across the board, would tend to fan inflationary pressures and push up the price of equipment urgently needed for development purposes. Devaluation, because of the inelasticity of supply in the short run and the pressing claims of domestic absorption, might not stimulate exports significantly. The scheme was being used in a selective way and as a temporary expedient. Evidence seemed to indicate that with such measures the main impact was felt in the period just after their introduction.

Members of the Committee also enquired as to the destination of Pakistan's exports and trends in this respect. The representative of Pakistan referred to the traditional complementarity between the industrialized and the developing countries. Most of Pakistan's trade was carried out with the industrialized countries. Among these countries the United States was becoming increasingly important as a trading partner, partly as a result of the granting of tied loans and commodity aid. While the share of the United Kingdom in Pakistan's foreign trade had remained relatively stable, that of other countries had characteristically shown some fluctuations. The negotiation of several bilateral trade agreements also influenced trading patterns. A sharp decline in exports of raw cotton had also had its effect, reducing the relative importance of the Japanese and French markets for exports from Pakistan.

Intensive studies had been undertaken in the past two years on new markets, particularly those in Africa, but because these countries had

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[1] See Part A, page 16.

established trading patterns, and in most cases had special links with other countries, an effort to expand trade in this direction could show results only after some time. The operation was at the moment in an exploratory stage and trade offices were being opened. The representative of Pakistan agreed that if all the less-developed countries planned their future growth in isolation, there was a danger of wasteful duplication. Some sort of co-ordination would be desirable, but political and economic obstacles made it difficult at the present time. The economic benefits of regional co-operation for most less-developed countries would be much more limited in scope than is the case for the members of the European Economic Community. Most of the less-developed countries at the present time had to depend on the industrialized countries for a major share of their foreign trade. He therefore expressed the hope that the industrialized countries would follow more liberal and outward-looking trade policies, especially in regard to the products of less-developed countries.

9. *Projected foreign exchange earnings*

The variation in the level of Pakistan's total exports was partially explicable in terms of prices, particularly those for jute, although increased domestic demand for such products as cotton goods and tea had had some effect.

The representative of Pakistan agreed that the construction of estimates of export earnings for a five-year period was an extremely difficult operation. Yet in the First Five-Year Plan estimates were distorted only by changes in the terms of trade. During the first three years of the Second Plan the projections had proved to be on the low side for the same reason as well as because receipts from invisibles had increased. These projections were based on the assumption that world market conditions would not be subject to violent fluctuations, that the production targets of the Plan would be achieved, that the world economy would continue the growth trend of the fifties and that a gradual reduction of barriers to the export trade of the less-developed countries would continue. A member of the Committee presented a projection of import opportunities in his country at the end of the Second Plan period for some major products of interest to Pakistan. The Committee felt that indications of this kind, for all their natural limitations, could be of assistance to less-developed countries in the planning of their development and export trade and invited other contracting parties to submit, as far as possible, similar indications at future meetings of the Committee.

The Committee went on to examine market conditions and projected foreign exchange earnings for individual commodity groups.

(i) *Cotton and cotton manufactures*

The representative of Pakistan said that, as at the time of independence very limited cotton manufacturing capacity existed in the country, the bulk of the country's raw cotton had had to be exported. Starting from only 177,000 spindles and 4,800 looms in 1947, the country was expected to have 3 million spindles and about 45,000 looms by the end of the Second Five-Year Plan.

It was, however, expected that raw cotton production during the Second Plan period would increase by 38 per cent and that this would maintain intact the present export capacity for raw cotton, despite the increase in spindlage. During the past decade, the export of raw cotton had declined because of the rapid increase in cotton manufacturing capacity. Unfortunately the decline in foreign exchange receipts, because of lower exports of raw cotton, could not be offset by corresponding increases in receipts from cotton manufactures. This was due to increased domestic absorption of cotton cloth. In the First Plan period (1955-1960), it had been estimated that the consumption of indigenous cloth was 12 yards per head per year. During the Second Plan period, this consumption was expected to rise to 14.5 yards. If the country succeeded in meeting its cotton production target, it should then be possible to register an increase from the combined exports of raw cotton and cotton manufactures. Raw cotton production during the last decade had unfortunately remained stagnant, but recently it had shown a welcome uptrend. If this were maintained, there was a good chance of the Plan target being fulfilled.

In reply to a question about the uses of Comilla cotton, the export of which was being developed, it was stated that its main use was for purposes of upholstery.

An export duty on raw cotton, combined with an export bonus stimulus for cotton yarn had, in the past, favoured the export of cotton in a processed rather than in a raw form. The increase in domestic demand at attractive home prices, especially after the removal of price controls, had left little incentive to export. Compulsory export quotas had been introduced to meet this situation, but these had weakened the bargaining position of exporters in an already highly competitive world market where exports were restricted by barriers to trade erected by the industrialized countries. The case for a reduction of the export duty on raw cotton, in order to give more incentive to farmers to produce this commodity, was being actively considered. It was hoped that exports of cotton manufactures would be increased and that a solution could be found by reliance on market mechanism alone. In this respect it was very necessary for the developed countries to pursue policies which would enable this item to find an easy outlet.

He stated that, as a general rule, the production of simple manufactures should be left to the developing countries and outlets for these assured. The developed countries should concentrate on more sophisticated types of industrial production.

A member of the Committee asked whether, taking into account the prospects of the world market for cotton manufactures, it would not be advisable to concentrate on the export of raw cotton. The representative of Pakistan pointed out that the prospects in the world markets for raw cotton were as uncertain as for cotton manufactures. Moreover, in the case of Pakistan, very strong economic justification existed for the development of the cotton manufacturing industry. The value added by the conversion of raw cotton into the manufactured state was very considerable. The cotton textile industry was the premier manufacturing industry of the country, and provided more than one third of all employment in large-scale industries. Cloth had to be produced for the growing home market. It was only logical that, given the comparative advantage that Pakistan had in this field, it should try to expand its exports. He pointed out that even a substantial increase in the present level of Pakistan's exports would only be a small fraction of the current consumption of developed countries like the United Kingdom or the members of the European Economic Community.

(ii) *Jute and jute manufactures*

Replying to a question the representative of Pakistan said, that as the world's largest producer of raw jute, Pakistan was interested in maintaining its traditional markets for raw jute. At the same time, with a growing and efficient jute processing industry, it hoped to secure a reasonable share of the world's market for jute manufactures. If European importing countries found it impossible to eliminate their restrictions on imports of these items at the present time, they should consider an arrangement ensuring that jute manufacturing capacity in these countries should not be increased and that the European industries should concentrate on the manufacture of specialities. This would make it possible for Pakistan to concentrate on the production of sacking and hessians, and to obtain a larger share in the expanding markets for jute goods in Europe.

A member of the Committee pointed out that export earnings from jute and jute manufactures taken together were greater in 1960/61 than had been projected for 1964/65. The representative of Pakistan explained that the forecast of jute exports assumed that prices would not deviate greatly from the levels of mid-1959, which were low enough for jute to compete effectively with substitutes. The year 1960/61 had been exceptional in that prices had risen fairly considerably. In the current year prices had again fallen. A reduction in the export duty on raw jute had been considered in order to

stimulate exports but the results of such action, given the market situation, would be a reduction in the price of raw jute to manufacturers abroad and thus an increase in their competitiveness to the detriment of Pakistan's export earnings. Exports of raw jute were expected to fall during the Second Plan period as manufacturing capacity increased. A target had been set for an additional 4,000 looms, but this figure had later been increased to 6,000.

(iii) *Hides and skins*

Hides and skins were mostly exported in the raw state at present, but the development of an export trade in finished leather and leather goods seemed a logical development. Pakistan's hides and skins were of a fairly high quality and suitable for purposes of chrome and vegetable tanning and production of kips.

(iv) *Tea*

In the case of tea an optimistic target of receipts of Rs.49 million per annum from exports had been set in the original text of the Plan. In Pakistan there was a high income elasticity for tea, which had become a conventional necessity for the urban population. Domestic consumption had risen and it had been found difficult to have a significant export surplus. It was not now expected that exports of tea would make much of a contribution to foreign exchange earnings during the Second Plan period. Steps were being taken to increase production but results would probably not be seen until the Third Plan period as the gestation period of tea production was long.

(v) *Tobacco*

A member of the Committee noted that it was estimated that tobacco output would rise by 14 per cent during the Second Plan period. The representative of Pakistan confirmed that this increase would be used for internal consumption and not for export. Public Law 480 deals would not interfere with normal commercial transactions.

(vi) *Miscellaneous exports*

It was noted that export earnings in this sector were expected to show a larger increase than in any other during the five years of the Plan. It was expected that a large part of this increase would be derived from increased sales of fish, particularly of prawns, shrimps and other crustacea. The Plan documented in detail the efforts being made to increase catches of fish, which were expected to grow by 24 per cent during the Plan period. The objective was also to modernize about 30 per cent of the present fishing gear

by 1965 and help was being received in this from Japan. Exports of fish were being stimulated by the Export Bonus Scheme. Market research for this item was being undertaken. It was hoped that exports of fish would earn at least Rs.50 million per annum during the Plan period.

Members of the Committee noted that, in addition to aiming at self-sufficiency in foodgrains, mention was made in the Plan of the development of food crops for export. The representative of Pakistan explained that this was primarily a reference to the export of superior quality rice, which had been successful on the export market during the past two years. Exports had been valued at Rs.90 million in 1961 and were expected to reach Rs.150 million in 1962.

Members of the Committee noted that certain manufactured items not previously traded in significant amounts were being exported and enquired whether these items had been consciously developed as export goods. The representative of Pakistan pointed out that in the past his country had possessed an extremely narrow range of exportable commodities. A major effort was now being made to increase exports of various manufactured goods and to increase the exportmindedness of manufacturers. The sensitivity of the world market for cotton textiles was realized and attention was being given to the export of such items as carpets and rugs, musical instruments, surgical instruments, cutlery and hardware, newsprint, hardboard and mechanical paper. The recent fall in exports of sports goods, the production of which gives employment to thousands of workers in West Pakistan, has been the result of keen competition. The organization of this industry also needed improvement. This was being looked into by the Government. During the present Plan period it was expected that increases in cement manufacturing capacity would lead to the creation of an exportable surplus and, looking further ahead, it was hoped that petrochemicals based on the large resources of natural gas which had been discovered in West Pakistan could be developed for export. The manufacture of acetate was also being developed.

(vii) *Invisibles*

It had been estimated that invisible receipts would remain constant during the Second Plan period at an annual rate of Rs.280 million. A considerable component was remittances from abroad although receipts for shipping, banking and insurance services were also included. In this instance the projection was on the low side, as receipts during the first year of the Plan had been Rs.342 million, and in 1961/62 these had reached Rs.420 million. During 1962/63 they were expected to be around Rs.400 million.

10. *Conclusions*

The Committee felt that the information and clarifications given by the representative of Pakistan during the consultation had provided a valuable insight into the task confronting the Government of Pakistan. It appeared that the targets which had been set in the Second Five-Year Plan were modest in relation to the magnitude of this task and realistic in relation to the resources available to the country. The Committee was also aware that one of the main problems that the Pakistan Government faced in its efforts to achieve the targets of the Second Plan was the present rate of growth of the population. While concentrating its attention on the commercial policy aspects of the Plan and especially on the steps taken to increase the export potential of the country, the Committee expressed the opinion that the rationale and flexibility of the Plan would create a climate favourable to the development of trading relations with Pakistan. The Committee noted that in order that the targets of the Second Plan could be reached, a large amount of foreign assistance for both development and maintenance purposes, would be necessary. It was felt that the discussion had indicated, not only the present vital need for foreign assistance but also the importance of the form in which it was made available, and that this discussion would be of considerable interest to aid-giving countries and lending agencies. The Committee stressed the importance of reducing Pakistan's dependence on such aid by providing expanding outlets for its exports. The Committee noted with satisfaction that action was being taken by the Government of Pakistan to develop new export products and new markets for their exports. In this connexion the reduction of barriers to semi-processed and processed derivatives of its main export products was of crucial importance. It was recognized that Pakistan would be forced to rely on policies of high-cost import substitution if these barriers were maintained.

STATISTICAL ANNEX

The following statistical tables are annexed to the secretariat paper on the trade and payments aspects of the Second Five-Year Plan of Pakistan :

I. IMPORTS BY ORIGIN

(Value in Million Rupees)

	1951	1952	1957	1960/61 [1]	1961/62 [1]
Total Imports	1,817	2,083	2,096	2,188	3,175
of which Government Account not reported by origin	248	350	—	—	—
Sterling Area	690	827	716	1,034	992
United Kingdom	328	409	400	595	645
India	201	281	87	130	112
South Africa	1	2	2	6	8
Hong Kong	64	27	3	7	9
Australia	5	7	88	62	29
United States of America	93	121	573	763	940
Japan	358	369	76	252	251
European Economic Community	199	250	369	619	558
Belgium-Luxemburg	26	43	76	102	71
France	27	21	50	77	46
Italy	86	100	51	102	96
Netherlands	14	26	30	64	55
Germany, Federal Republic of	46	60	162	274	290
Eastern Trading Area	79	28	49	70	70
Mainland China	54	8	37	15	17

[1] 1960/61: fiscal year July/June; 1961/62: twelve months starting 1 June.

Sources : Pakistan Statistical Yearbook 1957 and *Statistical Bulletin*, October 1961 and August 1962.

II. EXPORTS BY DESTINATIONS [2]

(Value in Million Rupees)

	1951	1952	1956	1957	1960/61[1]	1961/62[1]
Total Exports	2,525	1,762	1,620	1,603	1,799	1,874
Sterling Area	1,108	501	618	576	779	811
United Kingdom	317	226	258	255	281	296
India	587	195	174	116	105	150
South Africa	16	9	49	58	89	92
Hong Kong	112	42	70	76	63	33
Australia	44	14	12	9	55	24
United States of America	105	74	148	181	165	227
Japan	254	292	203	209	123	104
European Economic Community	618	381	424	400	316	359
Belgium-Luxemburg	85	55	93	82	75	108
France	212	112	117	128	71	83
Italy	153	105	67	52	42	42
Netherlands	26	19	27	28	37	33
Germany, Federal Republic of	142	90	120	110	91	93
Eastern Trading Area	242	393	97	96	156	84
Mainland China	150	274	76	45	75	10

1 1960/61: fiscal year July/June; 1961/62: twelve months starting 1 June.
2 Including exports on Government account.

Sources: Pakistan Statistical Yearbook 1957 and *Statistical Bulletin*, October 1961 and August 1962.

III. COMMODITY COMPOSITION OF EXPORTS [2]

(Value in Million Rupees)

	1951	1952	1956	1957	1960/61[1]	1961/62[1]
Total Exports	2,525	1,751	1,617	1,603	1,800	1,874
Fish and fish preparations . . .	13	12	25	24	57	73
Cereals and cereal preparations .	111	6	21	1	49	96
Tea	60	31	54	23	1	21
Other food	26	17	34	19	23	26
Jute, raw	1,163	696	751	782	848	844
Jute manufactures	—	1	93	93	314	361
Cotton, raw	962	864	375	341	154	142
Cotton manufactures	—	1	62	88	119	44
Wool (including animal hair), raw	59	49	71	103	76	79
Wool manufactures	—	—	2	—	—	—
Hides and skins	60	30	40	41	57	66
Leather and manufactures thereof	—	—	2	2	10	17
Other raw materials	53	28	60	51	30	28
Other manufactured goods . . .	16	16	25	34	62	76

1 1960/61: fiscal year July/June; 1961/62 :twelve months starting 1 June.
2 Excluding exports on Government account in 1951-1956.

Sources : Pakistan Statistical Yearbook 1957 and *Statistical Bulletin*, October 1961 and August 1962.

IV. BALANCE OF PAYMENTS, 1955-1961

(Million Rupees)

	1955/56	1956/57	1957/58	1958/59	1959/60	1960/61	July/ Dec. 1961
A. *Goods and Services:*							
1. Marchandise[1]	+161	−778	−1,366	−584	−737	−1,143	−494
2. Non-Monetary Gold (net)	+ 2	..	+ 2	+ 5	+ 13	+ 3	..
3. Foreign Travel	− 67	− 72	− 57	− 23	− 25	− 32	− 9
4. Transportation and Insurance	− 63	− 87	− 84	− 73	−132	− 176	−112
5. Investment Income	− 30	− 31	− 7	− 19	− 33	− 32	− 20
7. Miscellaneous	+ 8	+ 48	− 5	+ 73	+ 50	+ 26	+ 32
Total Goods and Services	*+ 11*	*−962*	*−1,517*	*−622*	*−865*	*−1,352*	*−603*
B. *Donations:*							
8. Private Remittances and Migrants Transfers	− 21	− 13	− 13	− 2	− 6	− 5	+ 1
9. Official Donations	+371	+706	+1,194	+657	+989	+1,304	+452
Total Donations	*+350*	*+693*	*+1,182*	*+657*	*+983*	*+1,299*	*+453*
Total Current Account (A+B)	*+362*	*−269*	*− 336*	*+ 35*	*+118*	*− 56*	*−150*
C. *Capital and Monetary Gold:*							
10. Private Capital Movements:							
(i) Direct Investment	+ 9	+ 21	+ 28	+ 11	+ 14	+ 25	+ 5
(ii) Other Long-term	..	..	..	..	..	+ 2	− 8
(iii) Other Short-term	− 12	+ 15	− 6	− 9	− 7	− 7	+ 16
Total Private Capital	*− 3*	*+ 36*	*+ 23*	*+ 1*	*+ 7*	*+ 19*	*+ 13*
11. *Official and banking Institutions:*							
(i) Loans and long-term Obligations	+101	+ 57	+ 62	+154	+ 79	+ 113	+ 71
(ii) Contractual Repayments	− 10	− 33	− 32	− 44	− 41	− 53	− 27
(iii) Other Long-term	−123	− 64	+ 119	− 49	−361	− 145	+168
(iv) Short-term claims on United Kingdom	−230	+333	+ 135	−121	+ 8	+ 87	− 68
(v) Short-term claims on United States & Canada	− 27	− 73	+ 81	+ 13	− 5	+ 7	− 9
(vi) Short-term claims on Others	− 32	+ 33	− 43	+ 45	− 12	+ 14	− 1
(vii) Short-term Liabilities	+ 4	− 1	− 4	+ 3	+180	+ 74	+ 5
(viii) Other Short-term	− 7	− 19	− 2	− 30	+ 40	− 57	− 2
(ix) Monetary Gold	− 34	..	− 2	− 5	− 13	− 3	..
Total Official and Monetary Gold	*−359*	*+233*	*+ 313*	*− 36*	*−125*	*+ 37*	*+137*
Total Capital and Monetary Gold (C)	*−362*	*+269*	*+ 336*	*− 35*	*−118*	*+ 56*	*+150*

[1] Including Government expenditures n.e.i.

Source: State Bank of Pakistan Bulletin, July 1962.

REPORTS PUBLISHED BY THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

These reports are available in English and French and are obtainable from the secretariat or through United Nations sales agents, unless otherwise stated. A complete list of publications can be obtained from the GATT secretariat, Villa Le Bocage, Palais des Nations, Geneva, Switzerland.

The Attack on Trade Barriers.[1] First report on the operation of the General Agreement, from January 1948 to August 1949. September 1949. Price $0.15. (GATT/1949-2.) German edition obtainable from the secretariat only.

Liberating World Trade.[1] Second report on the operation of the General Agreement. June 1950. Price: $0.25. (GATT/1950-2.) German edition obtainable from the secretariat only.

GATT in Action.[1] Third report on the operation of the General Agreement. February 1952. Price: $0.50. (GATT/1952-2.) French and German editions obtainable from the secretariat only.

International Trade 1952. June 1953. Price: $1.50 (GATT/1953-2.)
International Trade 1953.[2] June 1954. Price: $1.50 (GATT/1954-3.)
International Trade 1954.[2] July 1955. Price: $1.50 (GATT/1955-3.)
International Trade 1955. May 1956. Price: $1.50 (GATT/1956-2.)
International Trade 1956. June 1957. Price: $2.00 (GATT/1957-2.)
International Trade 1957-58. July 1959. Price: $2.00 (GATT/1959-3.)
International Trade 1959.[1] October 1960. Price: $2.00 (GATT/1960-3.)
International Trade 1960. October 1961. Price: $1.50. (GATT/1961-4.)
International Trade 1961. September 1962. Price: $1.50. (GATT/1962-5)

The above reports present a comprehensive account of the main developments in international trade—since the war to the end of 1952, 1953, 1954, 1955, 1956, 1957-58, 1959, 1960 and 1961 respectively—with extensive statistical material.

Commercial Policy 1957, including a Report on Recent Activities of the CONTRACTING PARTIES *to GATT.* October 1958. Price: $1.00. (GATT/1958-4.)

The Activities of GATT 1959/60. May 1960. Price: $0.75. (GATT/1960-2.)
The Activities of GATT 1960/61. April 1961. Price: $0.75. (GATT/1961-3.)
The Activities of GATT 1961/62. July 1962. Price: $0.75. (GATT/1962-4.)
A series of annual reports replacing the section on the work of the CONTRACTING PARTIES formerly contained in *International Trade.* Spanish edition available.

The Possible Impact of the European Economic Community, in Particular the Common Market, upon World Trade. December 1957. Price: $0.50.

Anti-Dumping and Countervailing Duties. A comparative study of existing legislation and application. July 1958. Price: $1.25. (GATT/1958-2.)
Anti-Dumping and Countervailing Duties: Report of Group of Experts. An examination of certain technical questions. March 1961. Price: $0.50. (GATT/1961-2).

Trends in International Trade. [The Haberler Report]. October 1958. Price: $2.00. (GATT/1958-3.) Spanish edition available.

Restrictive Business Practices. May 1959. Price: $1.25. (GATT/1959-2.)

GATT programme for expansion of international trade:

1. *Committee II—Trade in agricultural products:* second and third reports. June 1962. Price: $1.00. (GATT/1962-2.) Spanish edition available.
2. *Committee II—Trade in agricultural products:* reports on country consultations. June 1962. Price: $2.50. Available only from the secretariat.
3. *Committee III—Trade of less-developed countries:* special report. Development plans: study of the third Five-Year Plan of India. June 1962. Price: $1.50. (GATT/1962-3.) Spanish edition available.

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[1] English edition out of print. [2] English and French editions out of print.